

Impact of the Affordable Care Act on Health Insurance Literacy

Daeyong Lee, Iowa State University¹
Suzanne Bartholomae, Iowa State University²

Objective

In 2010, the Patient Protection and Affordable Care Act (ACA) was signed into law expanding health care coverage to millions of Americans. This study investigates the hypothesis that a change in access to health insurance, starting in 2014 when major provisions of the ACA went into effect, changed consumer literacy, leading to an increase in health insurance literacy.

Significance: ACA reforms were designed to simplify health insurance decisions for consumers, yet decisions remains complex, highlighting the importance of health insurance literacy. Health insurance literacy is conceptualized as a combination of health and financial literacy, emphasizing the skills and knowledge necessary to select and use health insurance (McCormack et al., 2009; Paez et al., 2014). Studies show that consumers demonstrate low health insurance literacy, whether newly insured or with previous coverage (Norton et al., 2014). A consumer's use of the healthcare system influences their health insurance literacy (McCormack et al., 2009).

Method

The data for this nationally representative, probability-based panel study with repeated measurements were collected in 2013 and 2015 from the Rand American Life Panel Survey Data. The current analyses, based on 938 individuals who were 18 years and older, traces changes in health insurance literacy and coverage, estimating the effects of obtaining health insurance on health insurance literacy with linear and ordered probit regressions. Individual fixed effects are included in the estimations.

Results

In the full sample, a greater proportion of high insurance literate consumers in 2013 took up health insurance in 2015, after ACA reforms, compared to low health insurance literate consumers. Among consumers insured in 2013, the take up of insurance coverage in 2015 is greater for consumers with high health insurance literacy. Mean estimates showed an increase in health insurance literacy in the full sample from 2013 to 2015. Interestingly, of uninsured consumers in 2013, the 2015 insurance coverage rate is higher for those with low health insurance literacy compared to high insurance literacy. To examine the change in health insurance literacy from 2013 to 2015 among uninsured consumers in 2013, the following equation is estimated in the panel context:

$$\Delta Hlth. Ins. Lit_{i,t} = \beta_1 \cdot \Delta Hlth. Ins. Cov_{i,t} + \Delta X'_{i,t} \beta_2 + \varepsilon_{i,t}$$

Tracing health insurance literacy from 2013 to 2015, there was a drop in health insurance literacy among the uninsured, and an increase in literacy for consumers who were uninsured in 2013 and insured in 2015.

Conclusions

Major provisions of the ACA went into effect in 2014. ACA reforms present consumers with more complex healthcare decisions and shifts the burden of responsibility to consumers, highlighting the importance of health insurance literacy. Within our sample, this major healthcare reform increasing access and coverage of consumers, appeared to lead to an increase in health insurance literacy. Our panel analyses suggest that a change in health insurance coverage is predictive of health insurance literacy, and there were significant increases among certain sub-groups. This finding provides evidence of the notion that

¹ Assistant Professor, Department of Human Development, 1325 Palmer 2222 Osborne Drive, Iowa State University, Ames, IA, 50011, USA. Phone: 515-294-6120. Email: daelee@iastate.edu.

² Assistant Professor, Department of Human Sciences, 58 Le Baron Hall, 626 Morrill Road, Iowa State University, Ames, IA 50011, USA. Phone: 515-294-9528. Email: suzanneb@iastate.edu.

experience using the health care system will feed into a consumer's health insurance literacy. Policy-makers and stakeholders are interested in informed and knowledgeable consumers since they typically make better decisions. Consumer who are literate as they navigate the health care and health insurance systems will likely have better health and financial outcomes. Health insurance coverage has been shown to result in improvements in health outcomes, with strong evidence indicating that access to healthcare and a usual source of care results in better physical, mental, and social outcomes (NACHC, 2014; Phillips et al., 2004; ODPHP, 2017). This research sought to explore the impact of healthcare reforms on health insurance literacy, future investigations are needed to help solidify the connection.

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